



# **NEWS RELEASE**

**CALIFORNIA STATE TREASURER PHIL ANGELIDES**

**FOR IMMEDIATE RELEASE**  
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## **AT ANGELIDES' URGING, CA EARTHQUAKE AUTHORITY ACTS AGAINST EXPATRIATE U.S. COMPANIES**

**SACRAMENTO, CA** – At the urging of California State Treasurer Phil Angelides, the California Earthquake Authority (CEA) today voted to halt business dealings with expatriate U.S. companies that relocate, in name only, to offshore tax havens. Under this new policy, two reinsurers, Everest Reinsurance and PXRE Corporation, would not be included in the contract pool for reinsurance in 2004. Angelides, who serves on the CEA's five-member Governing Board, proposed that the CEA cease doing business with expatriate companies – paralleling a policy he implemented in the Treasurer's Office in July to cease State investment in, and business dealings with, such expatriate corporations.

"American corporations which renounce their corporate citizenship should not enjoy the privilege of doing business with the State of California. If these companies want government contracts, I would suggest they call the public officials in their new offshore homes," Treasurer Angelides said.

By nominally shifting their headquarters to offshore locales such as Bermuda or the Cayman Islands, a growing number of U.S. companies have sought to avoid paying taxes and to weaken shareholder protections. In arguing for the ban on dealings with corporate expatriates at the CEA, Angelides said that the practice of expatriation is part of a larger pattern of deception in the corporate boardroom that has shaken the financial marketplace and cost families, pensioners and taxpayers billions of dollars. The Treasurer has taken a leading role in organizing institutional investors across the nation to use their market force – the power of the purse – to bring about greater accountability and integrity in the corporations they own and with whom they do business.

The CEA's already existing contract with Everest Reinsurance for 2003 provides \$84,982,535 in reinsurance, and the 2003 contract with PXRE provides \$4,182,856 in reinsurance. The Authority will pay Everest and PXRE approximately \$6 million and \$310,000, respectively, for these contracts in 2003. Based upon the policy adopted by the CEA today, neither company will be eligible for a contract in 2004, unless the CEA determines that it is unable to secure reinsurance capacity without contracting with an expatriate company. The CEA currently

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anticipates that sufficient reinsurance capacity will be available without expatriate company participation. In addition, the CEA approved a policy prohibiting investments of CEA funds in expatriate corporations, and banning any contracts with expatriates for the purchase of goods and services. Currently, the CEA holds no such investments or contracts.

In recent months, Angelides has taken a series of actions against expatriate corporations. In July 2002, the California Treasurer's Office ceased doing business with, and investing in, expatriate corporations. This action rendered Ingersoll-Rand ineligible for investment by California's \$50 billion investment fund managed by Angelides. In November, at Angelides' urging, the \$136 billion California Public Employees' Retirement System voted to spearhead shareholder resolutions seeking repatriation of McDermott, Tyco, and Ingersoll-Rand. Similar action was taken in December by the \$91 billion California State Teachers' Retirement System which voted to back shareholder resolutions at Tyco and Ingersoll-Rand. And, most recently, Angelides was joined by nine other state treasurers and national labor leaders in urging Standard & Poor's (S & P) to remove 10 offshore companies, including six expatriates, from the S & P 500 Index.

Calling it 'the latest shoe to drop' on expatriate companies, Angelides said he plans to keep up the pressure against expatriate corporations. "Sooner or later, these companies will realize that when they renounced their American citizenship, they also forfeited the right to gain the benefits that come with responsible corporate conduct," Angelides said.

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